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## THE EFFECT OF COMPENSATION AND MOTIVATION TO EMPLOYEE SATISFACTION AT PT. LOTUS TEXTIL

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Researchers raise the issue of compensation, motivation effect on job satisfaction of employees of PT. Lotus Indah Textile Industries. This company is a company engaged in the field of textiles. Located in East Java precisely in the area Rungkut, Surabaya. The company has employee turnover data and employee absenteeism data, which each year fluctuates or ups and downs. The occurrence of the problem is suspected due to the occurrence of inappropriate compensation and lack of motivation on employee job satisfaction at PT. Lotus Indah Textile Industries. The purpose of this study are: a) To analyze the effect of compensation on employee work satisfaction of production at PT. Lotus Indah Textile industries, b) To analyze the effect of motivation on job satisfaction of production employee at PT. Lotus Indah Textile Industries.

With a total population of 1229 employees of production at PT. Lotus Indah Textile Industries, the data used in this study is secondary data and primary data in the form of questionnaires. Respondents are employees of the production of PT. Lotus Indah Textile Industries with total sample of 119 samples. Sampling technique using Stratified Random Sampling method, that is sample determination technique based on population that is not homogeneous / heterogen. The sample in this study is the employees of production at PT. Lotus Indah Textile Industries based on certain criteria. The analysis technique used is Structural Equation Modeling (SEM).

Keywords : Compensation, Work Motivation, Job Satisfaction.

## INTRODUCTION

Today human resources are needed by many countries. Quality resources are very helpful to the development of companies in developing countries, therefore development will be implemented will feel fast, precise, and easy. Increasingly increasing public life, especially the increasing demand for the right to services that are more appropriate, cheap, fair, quality, and complete. With dependable resources, it is hoped with the existence to build up the operational implementation will be carried out in accordance with the planned. For that the company made various innovations to anticipate the increasingly strong competition. The management of the company is very necessary to set various steps and policies that can be achieved well, therefore to achieve these conditions is necessary once the performance of employees because after all humans who ultimately determine and predict the success or failure of a policy, strategic

Given the state of human resources such as human resources as an asset that must be improved efficiency, quality, and productivity. Therefore, the company must be able to create conditions that can encourage to develop and improve its capabilities optimally. To achieve these conditions the company has an effort that can be pursued by providing compensation and work motivation that is appropriate and satisfactory.

PT. Lotus Indah Textile Industries is a foreign company (India) engaged in the textile industry, especially yarns. Currently the company is facing a problem with its human resources, which is a decrease in job satisfaction that is seen from the fluctuation in the level of employee entry and absenteeism level of employees who are often lost to follow-up or miss work every year. Based on data from the production of PT. Lotus Indah Textile Industries for the last 5 years for the period of 2012 - 2016 are as follows:

**Tabel 1 : Data Labour Turn Over**

Tahun	Left	Rekrutmen	Presentase (%)
2012	79	4	17,1
2013	131	48	28,3
2014	134	95	28,9
2015	59	18	12,7
2016	60	8	12,9

Sumber : Kepala bagian personalia

**Tabel 2 : Data Absensi Karyawan dari Tahun 2014 – 2016**

Tahun	Absensi ( % )
2014	4,45
2015	4,16
2016	4,53

Souce : Personalia

Based on the above data shows that there is an increase in the number of employees who leave the company and the number of employees who often lost to follow-up or missed work each year. This indicates the low level of employee satisfaction at PT. LOTUS INDAH TEXTILE INDUSTRIES.

According to Handoko (1989: 193) states that job satisfaction is a pleasant or unpleasant emotional condition in which employees perceive their work. It can be said that job satisfaction reflects a person's feelings towards his work, which can be seen from the positive attitude of his job and everything faced in the work environment.

According Simamora (2004: 448), Satisfaction (satisfaction) is an evaluative term that describes a likes or dislikes of pay satisfaction (pay satisfaction). Thus, employee job satisfaction is strongly influenced by compensation factors. Compensation is very important for individual employees and companies. It is important for individual employees as it is a measure of the value of their employees among employees, families and communities. And important for the

company because it is a mirror of the organization to maintain the human resources of employees in order to have loyalty and high commitment to the company. Human resources that how perfect the plan, organization and supervision, if they can not perform their duties will not achieve the results as much as actually achieved.

Anshori (2005) with his research entitled Influence compensation fit on employee performance and satisfaction (Studies on employees drinking water companies in Batam). Based on the results of the analysis that has been done, it can be concluded that the effect of compensation on job satisfaction has a structural coefficient of 0.785; Which means that compensation has a significant effect on job satisfaction.

So that the decrease in employee job satisfaction is allegedly caused by the lack of compensation suitability factors and employee motivation to do the job.

#### Theoretical basis

##### Understanding Human Resources

Human Resource Management according to Filippo is planning, organizing, directing, and supervising the activities of procurement, development, compensation, integration, maintenance and release of human resources in order to achieve various goals of individuals, organizations and communities.

Meanwhile, according to French defines human resources management Withdrawal, selection, development, use and maintenance of human resources

##### By organization

##### Human Resource Management Function

This field of human resource management has two main functions according to Handoko (1989: 5), namely:

1. To establish cooperation in the development and administration of various policies affecting people within the organization.

2. To help managers manage human resources.

##### Understanding Compensation

According to Nitisemito (1983: 149), compensation is a remuneration given by the company to employees who can be valued with money and may have a fixed tendency. Martoyo (1990: 100), defines that compensation is the overall arrangement of reward for employers and employees either directly in the form of money (financial) or indirectly in the form of money (non financial).

##### Factors Affecting Compensation

According Notoatmodjo (2003: 155), that the system of compensation by the organization to its employees is influenced by various factors. These factors are an organizational challenge to determine the compensation policy for its employees. These factors include the following:

##### A. Productivity

Any organization wants to make a profit. These advantages can be material, as well as non material benefits. To that end, the organization must consider the productivity of its employees in its contribution to the benefits of the organization. The organization will therefore not pay or compensate beyond the employee's contribution to the organization through their productivity.

##### B. Ability to pay

Provision of compensation will depend on the organization's ability to pay. Any organization will not pay its employees as compensation, beyond its ability. Because if not, the organization will have a great chance to go out of business.

##### C. Willingness to pay

Willingness to pay will affect the compensation policy to its employees, only organizations capable of high compensation, but not necessarily willing or willing to provide adequate compensation.

##### D. Supply and demand for labor

Much of the labor force in the labor market will affect the compensation system. For employees whose abilities are very much on the job market,

## **Methodology**

### **Variable Measurement**

The measurement scale used for this research is the scale of interval is the scale that shows the distance between one data with other data and have the same weight. While the measurement technique uses semantic differential attitude measurement method by using the assessment scale of 7 (seven) items that states verbally 2 (two) poles (bipolar) / extreme assessment (Indriantoro and Supomo 2002: 105).

The response or opinion is expressed by scoring within the range of values 1 to 7 on each scale, where the value 1 shows the lowest value and the value of 7 the highest value.

### **Sampling Technique**

#### **A. Population**

Is a generalization area consisting of objects / subjects that have a certain quantity and characteristics set by researchers to be studied and then drawn conclusions, according to (Sugiyono 2001: 57). Population used in this research is employees of production department of PT. LOTUS INDAH Textile Industries in Surabaya, amounting to 1229 people.

#### **B. Sample**

Is part of the number of characteristics possessed by the population, according to Sugiyono (2001: 57).

The sampling technique used in this study is stratified random sampling where all population will be determined by proportional strata (Ridwan 2004: 58). The reason for using the sample with the strata according to the author's consideration is that the number of samples determined will not occur bias. Because the number of employees in the production section is still divided again in several

sub-sections. If the sample is very large, then the researcher can choose the estimation technique of ADF (Asymptotically Distribution Free Estimation) can be used, in accordance with the above guidelines the number of sample or respondents taken in this study are as many as 112 employees of the production of PT. LOTUS INDAH TEXTILE INDUSTRIES is calculated from 14 indicators multiplied by 8.

### **Data collection technique**

#### **Data Type**

The type of data used is primary data that is the source of research data obtained directly from the original source using survey method and observation method. And secondary data is the source of research data obtained by researchers indirectly through intermediary media that is by looking at documentary data owned by the company. (Indriantoro and Supomo 1999: 146)

#### **Data source**

Sources of data in this study comes from the data provided from the personnel and answers to questionnaires distributed in 119 employees of production at PT. LOTUS INDAH Textile Industries Surabaya.

### **Method of collecting data**

#### **1. Interview.**

Namely data collection techniques in survey methods that use oral questions to research subjects to complement the data in this study (Indriantoro and Supomo 1999: 152).

#### **2. Questionnaire.**

Namely the data collection techniques by dividing the questionnaires that should be filled by respondents to complete the data in the study. (Indriantoro and Supomo 1999: 154).

#### **3. Observation.**

Namely the process of recording the behavior patterns of subjects, objects or events systematic without any questions or communication. With the individuals studied. (Indriantoro and Supomo 1999: 157).

#### **4. Documentation**

That is data collection by citing company documents with the issues discussed.

### Hypothesis Analysis and Testing Technique

#### Analysis Technique

The analytical technique used in this study is Structural Equation Modeling (SEM) which is a set of statistical techniques that allows testing a complicated relationship that is the relationship between one or more independent variables with one or more dependent variables that are estimated simultaneously. This method is intended not to produce theory but to test theory.

### Research Results and Discussion

#### Hypothesis Testing and Causal Relation

Direct effect [path coefficients] were observed from standardized regression weights, by testing the comparable significance of CR [Critical Ratio] or p [probability] values equal to t count values. If t count is greater than t table means significant.

Hipotesis Kausalitas					
Regression Weights					
			Ustd	Std	Prob.
Fcktor	0	Factor	Estimate	Estimate	
Job_Satisfaction	0	Compensation	-0.013	-0.081	0.445
Job_Satisfaction	0	Motivation	-0.143	-0.876	0.038
Signifikansi	0				≤ 0,10

Judging from the degree of probability of a causal relationship, the hypothesis states that:

1. Compensation factor has a positive effect on Job Satisfaction Factor, can not be accepted [Prob. Causally 0.445 > 0.10 [not significant [negative].
2. Motivation factors have a positive effect on Job Satisfaction Factor, can be accepted [Prob. Kausalnya 0.035 ≤ 0.10 [significant [positive].

**Tabel 3.** Summary of Hypothesis Testing Results

Hipotesis	Testing	Test result	
		Hipotesis	reception
H1	Compensation ⇒ Faktor Job Satisfaction	Take effect positif	rejected / negative non significant
H2	Motivation ⇒ Faktor Job Satisfaction	Take effect positif	Received rejected/ positive significant

### Discussion

Based on the results of research that has been done obtained discussion of the results of research obtained that the Compensation Factor positive effect on Job Satisfaction Factor, Motivation Factor positively affect Job Faction Satisfaction.

**H1** Compensation factor has a positive effect on Job Satisfaction Factor, unacceptable. This means that in this study, the compensation does not affect job satisfaction. So the results of this study are not in accordance with research conducted by Anshori and Arfah (2005), which shows that, "Compensation fit to job satisfaction has a positive influence". The results of this study are also not in accordance with the theory according to Nitisemito (1983: 149), which states that the compensation is a remuneration provided by the company to its employees that can be assessed with money and can have a tendency given permanently. This can happen because in this research employee job satisfaction factor is not influenced by compensation factor, but more to clarity factor of giving career development opportunity or promotion of clear position to employees.

**H2** Motivation factor positively influence to Job Satisfaction Factor, acceptable. This means that in this study work motivation in employees can affect employee job satisfaction. So the results of this study in accordance with the results of research conducted by Purnomowati (2006), which indicates that the factors of motivation either jointly or partially, have a significant effect on employee job satisfaction. The research results also fit the theory according to Martoyo (1990: 165), which states that motivation is a mental

condition that encourages action (activities or activities) and provides the power (energy) that leads to the achievement of needs, give satisfaction or reduce imbalance.

## **Conclusions and recommendations**

### **Conclusion**

Based on the results of the test by using SEM analysis then seen from the level of probability of causal causal direction, the results obtained:

1. Compensation factor affecting Job Satisfaction Factor, not acceptable
2. Motivation factors affect the Job Satisfaction Factor, acceptable

### **Suggestion**

Having put forward some conclusions, it can be given some suggestions as the following considerations:

- A. It is suggested that the management of PT. LOTUS INDAH TEXTILE INDUSTRIES give more motivation or work motivation to employees especially in giving clear opportunity to get job level. In other words in this case employees are given an opportunity in the development of their careers, so that employees will feel getting satisfaction in work.
- B. Any suggestions or criticisms from the employees given should be given attention as well as promptly made corrections and improvements, in order to maintain its reputation.

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